

GROWING PROFITABLE  
RELATIONSHIPS OVER TIME

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SUMMARY ANNUAL REPORT



Commerce Bancshares, Inc.

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FINANCIAL

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## ANNUAL MEETING

The annual meeting of Shareholders will be held Wednesday, April 17, 2002, at 9:30 a.m. in the Gallery 1 room of the Sheraton Clayton Plaza Hotel, 7730 Bonhomme Avenue, Clayton, Missouri, 63105.

## TRANSFER AGENT, REGISTRAR AND DIVIDEND DISBURSING AGENT

EquiServe Trust Company, N.A., P.O. Box 2500,  
Jersey City, New Jersey 07303-2500, 800-317-4445

## NOTICE

This year, for the first time, the Company is providing this book as a summary annual report. Shareholders, analysts or potential investors desiring the Company's annual Form 10-K or additional information about the Company may do so by accessing the Company's website [www.commercebank.com](http://www.commercebank.com) or writing to Mr. Jeffery Aberdeen, Controller, at the address of the Company.

## SHAREHOLDERS MAY RECEIVE FUTURE ANNUAL REPORTS AND PROXY MATERIAL OVER THE INTERNET

To take advantage of the opportunity to receive materials electronically, rather than by mail, simply fill out the on line consent form by logging onto the sign up website at: <http://www.econsent.com/cbsh>.

### Please note:

- You will need your account number from the proxy card to complete the enrollment process.
- Your consent is entirely revocable.
- You can always vote your proxy on the internet whether or not you elect to receive your materials electronically.

# FINANCIAL HIGHLIGHTS

Commerce Bancshares, Inc. and Subsidiaries

(In thousands, except per share data)

	1997	1998	1999	2000	2001
<b>OPERATING RESULTS</b>					
Net interest income	\$ 397,774	\$ 427,745	\$ 466,001	\$ 480,653	\$ 467,910
Provision for loan losses	31,354	36,874	35,335	35,159	36,423
Non-interest income	180,092	214,037	236,209	252,808	277,512
Non-interest expense	344,450	379,344	419,015	430,381	439,636
Net income	132,702	150,091	166,213	178,574	181,974
Cash dividends	30,432	33,742	36,054	37,613	40,254

## AT YEAR END

Total assets	\$10,306,941	\$11,402,023	\$11,400,936	\$11,115,117	\$12,902,806
Loans, net of unearned income	6,224,381	7,046,852	7,576,892	7,906,665	7,638,482
Investment securities	2,664,931	3,031,716	2,508,415	1,940,903	3,719,518
Deposits	8,700,578	9,530,197	9,164,123	9,081,738	10,031,966
Stockholders' equity	980,784	1,080,785	1,079,832	1,143,755	1,272,483
Non-performing assets	24,376	20,352	14,326	21,324	30,768
Common shares outstanding*	70,463	70,800	68,768	65,648	65,368

## OTHER FINANCIAL DATA

(Based on average balances)

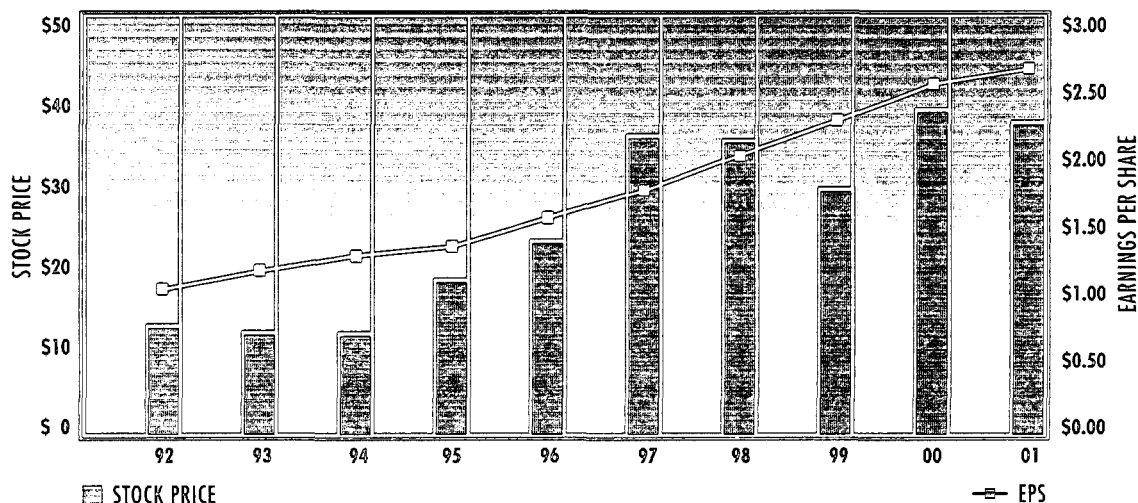
Return on total assets	1.37%	1.43%	1.50%	1.62%	1.55%
Return on stockholders' equity	14.08	14.58	15.40	16.22	14.88
Loans to deposits	70.93	75.24	77.94	87.26	82.49
Equity to assets	9.74	9.83	9.72	9.99	10.42
Net yield on interest earning assets (T/E)	4.61	4.56	4.61	4.74	4.35
Tier 1 capital ratio	12.10	11.30	11.68	12.04	12.28
Total capital ratio	13.22	12.59	12.99	13.36	13.64
Leverage ratio	8.81	8.80	9.17	9.91	9.81
Efficiency ratio	58.24	58.30	58.53	57.63	58.25
Diluted weighted average shares outstanding*	72,061	71,893	70,796	67,888	66,722

## PER SHARE DATA

Net income - basic*	\$ 1.87	\$ 2.12	\$ 2.38	\$ 2.66	\$ 2.76
Net income - diluted*	1.84	2.09	2.35	2.63	2.73
Market price*	37.16	36.71	30.73	40.48	38.99
Book value*	13.92	15.27	15.70	17.42	19.47
Cash dividends*	.428	.477	.518	.562	.610
Cash dividend payout ratio	23.24%	22.81%	22.05%	21.38%	22.33%

\*Restated for 5% stock dividend distributed December 2001.

## GROWTH IN EARNINGS PER SHARE AND STOCK PRICE



## Message to shareholders

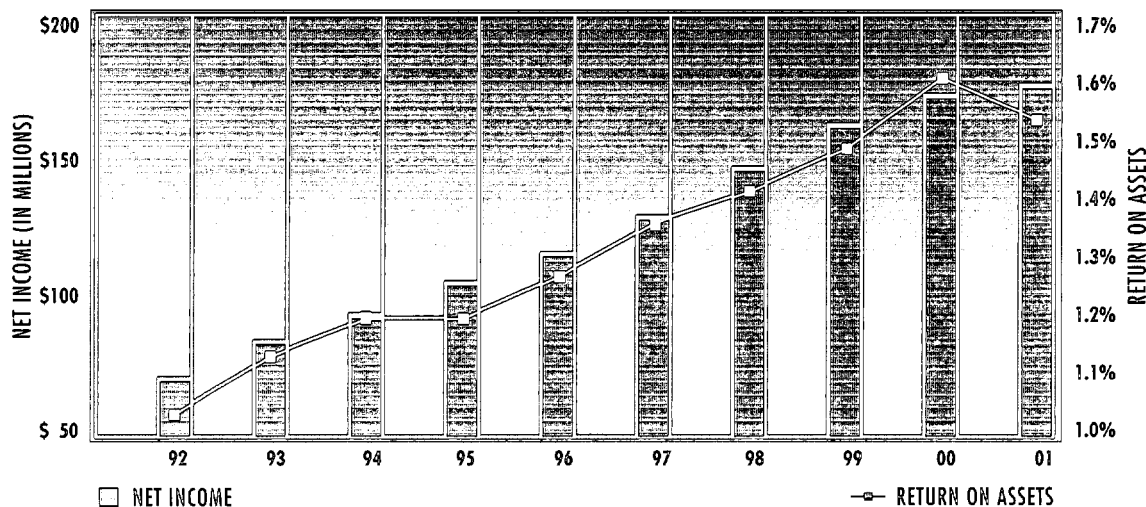
Last year was a very challenging time for our customers and employees. International tensions, an economic recession, and highly volatile interest rates underscored the importance of our corporate focus on relationships and long-term strategies. In 2001, we continued to build market share in our core accounts while producing increased earnings for our shareholders.

As a super-community bank, we are committed to growing our business in the Midwest, where we are deeply involved with our customers and communities. Our corporate mission: "Be accessible. Offer solutions. Build relationships." summarizes our business strategy of innovative product development and the highest level of personal service for our customers across retail, corporate, and money management business lines.

David W. Kemper *Chairman*



## NET INCOME AND RETURN ON ASSETS



For 2001, Commerce Bancshares, Inc. reported its eleventh consecutive year of record earnings. Key performance indicators include:

- Earnings per share grew 4% in 2001 and have averaged an 11% growth rate per annum over the last five years.
- Financial markets were weak in 2001; the total value of Commerce Bancshares stock declined 2% although it performed well compared to the S&P's decline of 13% for the same period. Total value of the Company's common stock has risen by an average of 12% per annum over the last five years and 17% per annum over the last ten years, compared to S&P performance of 11% and 13% respectively.

- Even in a difficult economic environment, asset quality has remained strong and compares favorably with our peers. For 2001, net loan charge-offs totaled .48% of average loans outstanding. The allowance for loan losses totaled \$130 million, or 1.7% of outstanding loans, and represented 422% of non-performing assets.

- A continued emphasis on developing non-interest income opportunities resulted in a 10% increase in fee revenue for the year. Non-interest income has grown from 30% of total revenues in 1992 to more than 37% in 2001.
- The Company continues to make significant investments in technology and other capital improvements, which allow us to offer our customers state-

of-the-art products and services in a cost-effective manner. We have made a number of investments to enhance our competitive position, including a centralized contact center, check imaging systems, and a fully digitized loan processing system. Even with these initiatives, we maintained tight control over our non-interest expenses, which increased only 2% from the prior year.

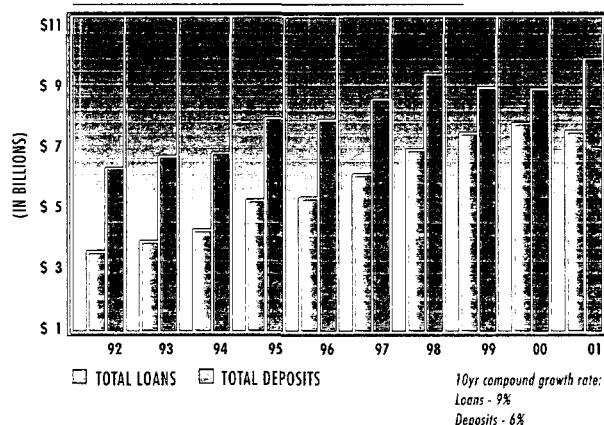
- We are proud of our record of delivering consistent dividend increases. Cash dividends per share have increased 28% over the past three years. In December 2001, Commerce Bancshares paid its eighth consecutive 5% stock dividend. In February 2002, the Board of Directors approved a 6.6% increase in the cash dividend rate, making this the 34th consecutive year of cash dividend increases.

## REVIEW OF FUNDAMENTALS

Commerce is the largest independent bank in our region, with assets of nearly \$13 billion. Our size allows us to offer efficiencies associated with scale, while maintaining personal contact with our customers. We provide a full range of services and products through 345 locations spanning three states. Our convenient branch locations are supplemented by an expansive ATM network that supports almost 25 million transactions per year.

We divide our operations into three primary areas: payment systems, credit underwriting and lending, and asset management. To our customers, however, we are a single, responsive unit with the total relationship being our primary concern. We create long-term partnerships by understanding the full scope of our customers' needs, their resources, their goals, and the environment in which they do business.

### TOTAL LOANS AND DEPOSITS



Our operations are a reflection of our core values: integrity, customer focus, team orientation, pursuit of excellence, and a long-term view. This year, Commerce initiated programs to elevate customer focus to a point of competitive distinction. We create greater depth in customer relationships by raising service levels and making an explicit commitment to customers that in each interaction we will *ask*, *listen*, and *solve*. This promise extends across our entire customer base.

Many Commerce employees are, in fact, owner-managers whose compensation is tied to expanding customer relationships, and subsequently, growing earnings per share. During the past year, training and incentive compensation expenses were equivalent to 12% of total compensation. This seasoned and motivated management team joins a network of community directors that share a vested interest in performance and customer satisfaction. A key part of our super-community strategy, our local boards provide us a direct connection to the business community, sharpening our focus on local needs, issues, and opportunities.

## LOOKING TO THE FUTURE

As a financial services organization we are committed to rational, sustained growth over the long term for the sake of our customers. This, in turn, produces significant returns for shareholders. Our high asset quality, continued pattern of revenue growth, and meaningful differentiation in the marketplace put us in a strong position to succeed.

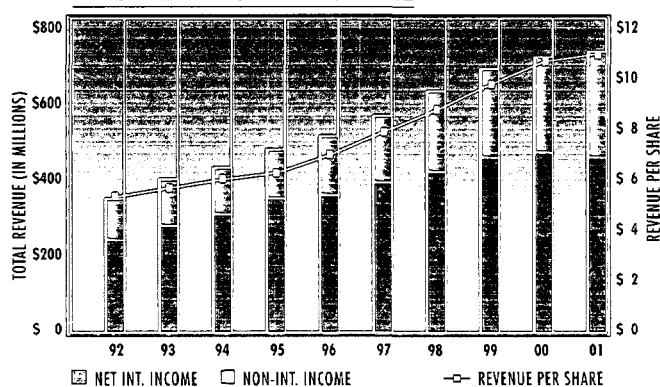
Our focus on internal growth produces steady expansion in the number and depth of core relationships. We believe this to be a superior business model. Continued growth in retail household relationships now gives Commerce a 25% share on average of the markets we serve. We have expanded accounts 4% in 2001 and more than 8% per annum over the last five years. Greater penetration of these relationships is further evidenced by the 8.5% growth in retail fee income in 2001.

### PAYMENT SYSTEMS

The Bank's most valuable asset is its role in providing payment solutions for its customers. Commerce Bank is a major player in plastic, electronic, and paper-based payment systems, with revenue attributed to payment systems of \$183 million in 2001, an increase of 4% over the prior year. We are committed to investing in systems and technology to grow with our customers' payment needs.

Fee growth is highlighted by increased debit card usage. Monthly off-line dollar volume per active debit card account is 20% higher than industry averages, and the average number of transactions per month is 50% greater. As a result, the contribution to revenue by payment systems across all of our business lines (54%) is substantially higher than the average for regional bank holding companies.

### GROWTH IN REVENUE AND REVENUE PER SHARE



## Business

Commerce focuses on an integrated system to provide payment solutions for commercial customers. Through a substantial investment in technology and new product development, Treasury Services revenue increased 12% in 2001. Merchant credit card processing continues to be a major revenue contributor, through strategic emphasis on custom solutions rather than merely low-cost offerings. Profitable, core relationships have been expanded by providing: electronic information; customized debit and procurement systems; image-enabled lockbox services; and internet payment processes.

Business debit cards, targeting small businesses and offering similar convenience to our retail debit cards, were launched in 2001. The business cards have a higher average purchase amount (\$78 business customer vs. \$33 retail consumer) and the average number of monthly transactions is greater than the average for Visa debit issuers. With over 35,000 active procurement and travel & entertainment cards issued to approximately 5,400 companies, Commerce ranks as the 15th largest provider nationally according to the latest Nilson Report.

## Consumer

Commerce has gained significant market share in consumer checking accounts and debit cards in the last five years. While continuing to emphasize core account growth, we are also focusing on expanding existing customer relationships.

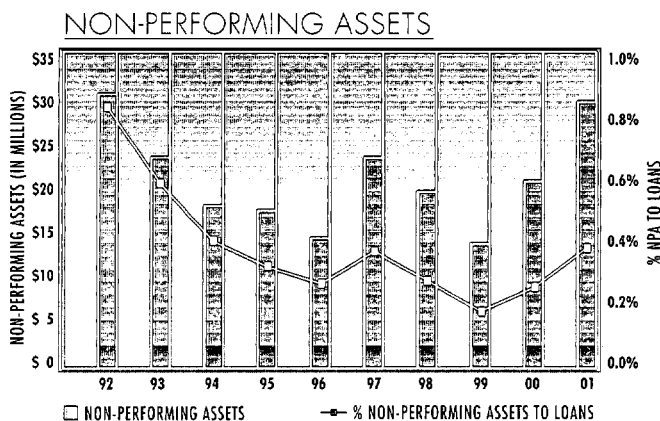
CommerceOptions<sup>SM</sup> accounts, new in 2001, reward customers for deeper, more profitable relationships and offer incentives for the customer to consolidate multiple financial services providers into a single Commerce relationship.

A strategic focus on meeting all of our customers' needs, combined with the delivery of new products, has already produced measurable results. Over the last year, the number of multi-service households increased substantially, and now represents 70% of our customer households. The number of accounts and services per household also rose, resulting in 10% growth in the average profit per household.

We work to develop revenue streams attached to consumer-friendly products while reducing our cost of service delivery. The total number of transactions for consumer payment systems grew in the past year, led by a 28% increase in debit card usage. Similar growth in internet banking reflects the Commerce philosophy of migration to high-convenience, low-cost service channels. Over 11% of retail checking customers are currently active internet banking users.

## CREDIT UNDERWRITING AND LENDING

Intelligent lending originates from well-established relationships. Commerce Bank's primary lending focus is in our Midwestern market, with an emphasis on multi-product customers. Our strong underwriting record historically has been the result of solid relationships with our borrowers.

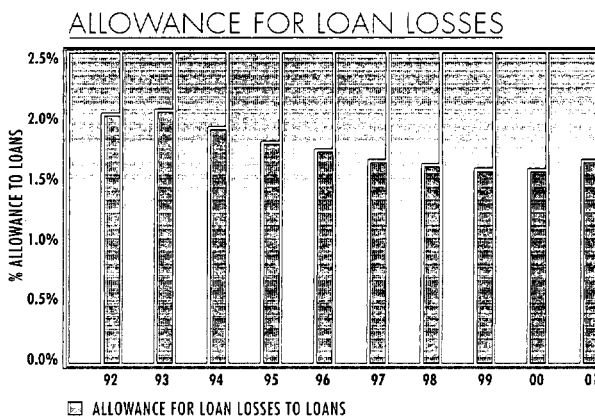


Economic conditions last year reduced commercial loan demand significantly after several years of double-digit growth.

We continue to actively expand and seek new commercial and consumer lending relationships while closely monitoring credit conditions. We have also invested in new credit scoring and profitability systems to optimize risk-based returns and make better pricing and underwriting decisions.

## Business Lending

Commerce was able to maintain business lending activity levels this year in the face of substantial downturns in virtually every business sector. While our geographic markets were not immune to these national trends, our customers continued to find opportunities for growth.





Small business activity has become an active component of loan volume, as our small business banking initiative continues to concentrate on those industries and companies with the best credit/repayment profiles. Commerce intends to leverage our excellent branch systems, strong cadre of branch managers, and network of well-respected community directors to substantially expand our small business relationships.

Our commercial lending portfolio remains diverse and stable, with a net charge-off ratio of .15% in 2001, well below current industry averages. We continue to lend in markets we know, which are economically diverse, building on long-term relationships in our region.

#### Consumer Lending

Commerce offers a full range of consumer borrowing products from car loans to home loans, credit cards to credit lines. Our role as a super-community bank works well for us and our customers, because we are able to reap many efficiencies of scale while also providing neighborhood convenience. We continue to be a major consumer lender in first and second home mortgages, car loans, and credit cards in our geographical markets.

While many banks our size have divested their credit card businesses, Commerce views card products as a central part of the payment systems strategy, as well as a valuable part of the comprehensive customer relationship. In an increasingly competitive market place, the Commerce card portfolio continues to perform well. Account acquisition has increased 29% over the past year by focusing on existing bank customers. We achieved an additional 4% penetration of our current customer base, thus cementing and expanding those relationships.

Over the last several years, we have consolidated installment and credit card lending to reduce unit costs. Last year, we experienced a 72% increase in the volume of home equity lines, while service levels improved, and origination costs per loan declined.

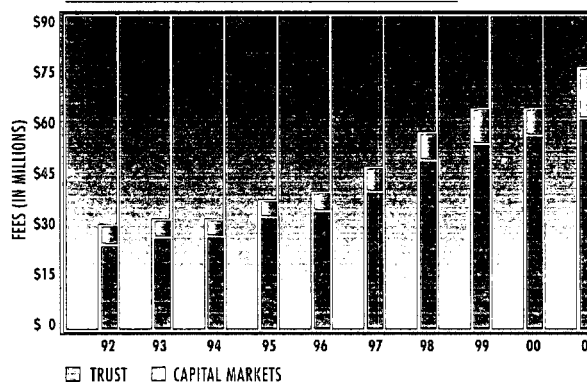
We continue to originate and disburse guaranteed student loans, maintaining our commitment to area colleges and universities. Last year was a record year in student loan origination and sales. It also establishes early contacts with college graduates who begin their careers in Midwestern markets.

#### ASSET MANAGEMENT

Commerce provides a variety of asset management services ranging from short-term money market investments to total portfolio management for both individual and institutional clients. Trust, brokerage, and fixed income units accounted for approximately 12% of last year's revenue. In 2001, we had a record year in our fixed income Capital Markets Group with revenues increasing 50% to \$25 million, while our full-service brokerage business was weaker due to difficult financial markets. We also changed the name of our Investment Management Group to The Commerce Trust Company to better describe our client relationships and the fiduciary role we play within our trust division.

Total assets under management amounted to \$9.6 billion at year end. Over the past five years, average annual growth in assets under management was 10%. In addition, custody assets totaled \$7.0 billion. Total fees, in 2001, were \$62.8 million, an increase of 7% over the prior year.

#### MONEY MANAGEMENT FEES



Our Private Banking customer base continues to expand as well. Investment services for these customers add significantly to our total assets under management. At the same time, we have created a total-spectrum financial resource for the higher-income profile we have strategically targeted. Through our emphasis on the full relationship, loans outstanding for these customers grew by 14% to \$215 million in 2001. Much of this growth has been fueled by a new Private Banking model in the St. Louis market that will now be implemented throughout the Commerce system.



While income from trading volume was down for Commerce Brokerage Services, Inc., the number of customers continues to grow. Moreover, the focus on referrals from within the Bank's customer base has produced a 33% increase in referrals during the past year.

Through Commerce Trust, a wide range of employee benefit plans, endowment and foundation product offerings are also available to commercial and institutional customers.

The Capital Markets Group maintains its focus on investment products and services to help commercial customers maximize their interest income on operating cash.

## TECHNOLOGY

With respect to technology investments, our goal is to reduce unit costs and improve the customer experience. An example of this strategy was this year's completion of our new consolidated contact center in St. Louis. Commerce now offers a more productive and efficient service channel to supplement the branch network. The center handles more than 165,000 calls a month, with an average response time of less than 20 seconds, all while lowering the Bank's total service cost.

Internet banking usage levels grew throughout 2001. Our online customers spent an average of 10% more time on our site in 2001 compared with 2000. These are some of our best customers, individually purchasing 27% more products than the typical consumer account, and are 15% more profitable on average.

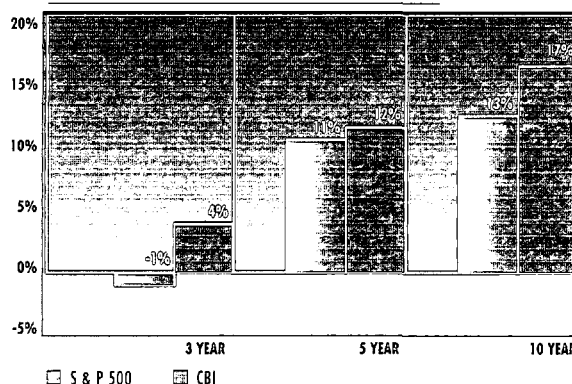
Technological advances made a positive impact in traditional service areas as well. Imaging technology now broadly available to business customers not only makes transaction handling faster and more efficient, but also reduces exposure to loss or fraud. Similar efforts in the loan processing functions improve customer service, lower expenses, and increase capacity. These initiatives also will make possible self-service alternatives via future online options.

Commerce is committed to making strategic investments in technology to provide high levels of service and access to information at a competitive unit price. We continue to be very competitive against other financial providers by pursuing this technology investment strategy.

## SUMMARY

Difficult economic times almost always create opportunities for nimble, focused companies to expand relationships and improve market share. The dramatic wave of consolidation within the financial services industry during the 1990s has more sharply defined our niche as a super-community bank. The combination of more affordable technology and less bureaucracy have given mid-sized financial services companies a competitive edge in terms of product offerings, while providing a higher, more personalized level of service.

## TOTAL SHAREHOLDER RETURN



Your management team is committed to building the strongest banking franchise it can, measured by satisfied customers and motivated employees. Our first objective is to increase franchise value measured by long-term growth in earnings per share. Although growth in earnings per share at 4% in 2001 was below recent results, we made progress in account growth, market share, and continued investment for the future. This strategic focus should assure very competitive long-term returns for our shareholders.

Thank you for your continued support.

Sincerely,

*David W. Kemper*

David W. Kemper, Chairman  
Commerce Bancshares, Inc.  
February 11, 2002

## A century of shared vision

Tension Envelope Company in Kansas City celebrated their 115th anniversary last year.

Their banking relationship with Commerce goes back more than a 100 years as well.

With 40 offices and a dozen manufacturing facilities across

the country, producing more than 12 billion envelopes a year, Tension is testimony to the value of exploring and meeting customers' unique needs over the long-term.

A family owned business, Tension sells directly to companies and organizations with specialized mailing and packaging requirements. Growth has been

steady, as the Company has added manufacturing equipment and technology to keep pace with an expanding market. Commerce Bank has been there throughout, to meet financing requirements for both equipment and real estate.

In the intensely competitive envelope industry, dealing with high volumes and low unit costs, success is often defined by subtle differences in manufacturing capability, and by the ability to react quickly to changing trends.

Again, Commerce has responded with working capital and cash management services. The financial partnership has continued to grow over the

century as Tension has grown, and Commerce now provides payment processing, payroll, and private banking services for executives.

Recently, through equipment financing provided by Commerce, Tension has enhanced both envelope and printing equipment technology to prepare for the challenges of the next generation.

### SUMMARY OF SERVICES:

- financing for working capital needs
- equipment & real estate financing
- payment processing services
- cash management services including payroll
- private banking services

EXTRAORDINARY

Bill Berkley, President and CEO of Tension Envelope, stays competitive by keeping pace with technology.

# RELATIONSHIPS

TECHNOLOGY



## An investment in futures

The Boys & Girls Club of Springfield, Inc., involves more than 3,000 youths every year in activities designed to help them reach their full potential as productive, responsible, and caring citizens. While recreation is a big part of the program, the Club works in ways that go far beyond the physical.

And year after year, Commerce Bank is there to help in ways that go far beyond the conventional banking relationship.

Boys & Girls Club programs include educational and enrichment classes, cultural activities, social development groups, recreation, and physical fitness. The Club also feeds 87,000 meals a year to program participants. Three

activity centers draw kids from the entire Springfield, Missouri, metropolitan area and many small surrounding communities.

Commerce Bank has provided lines of credit, commercial deposit and payroll accounts, treasury services including a sweep account, and money management through The Commerce Trust Company who serves as asset manager for the endowment fund. Commerce is currently assisting in the structuring of a bond issue for needed facilities improvement, backed by a letter of credit.

Today, the expanded affiliate of Boys and Girls Club of America thrives on community support, not only in the form of contributions, but in personal

volunteer efforts as well.

The Commerce commitment goes beyond professional services to include personal involvement by bank officers on local boards and committees and the National Advisory Council, and in spearheading the current capital campaign. Our community activities are an important part of our long-term view.

### SUMMARY OF SERVICES:

- commercial loans and lines of credit
- trust and portfolio management for endowment fund
- sweep account
- primary operating account and payroll account
- certificates of deposit
- letters of credit
- bond financing
- brokerage services for third-party charitable stock donations

EXTRAORDINARY

Bill Stalnaker, Director of Resource Development for the Boys & Girls Club of Springfield, looks for the potential in youth

COMMITMENT

## POTENTIAL



## All a part of growing up

As a preschool teacher in the 50's, Frances Gershon noticed that there just weren't a lot of creative playthings for her students to use. What might have been only a frustration to others, she saw as an opportunity.

The result became Constructive Playthings, a division of the fledgling U.S. Toy Company.

Many other people felt the same need for good toys with an emphasis on creativity and educational value, and the Company expanded quickly.

Commerce Bank was there from the beginning, in 1953, to ease the growing pains.

The Business has since relocated several times, and is now headquartered in a 900,000 sq. ft. office/warehouse in Grandview, Missouri, with retail outlets in key cities from coast to coast. Commerce has provided financing as required for expansion.

The Company's offerings grew to include non-violent toys, games, and dolls and family puppets representing the diversity in people, making children aware and accepting of all differences.

The Commerce partnership kept pace in diversified services, to include deposit and investment services, payment processing for their substantial mail order

business, and personal banking services for key management.

Still owned by Mrs. Gershon and her three children, U.S. Toy Company now operates as three divisions: U.S. Toy, a wholesaler of carnival, decoration and party goods; Constructive Playthings, dealing in toys, books, teaching aids, school supplies and preschool furniture; and U.S.T. Magic, a wholesaler of magic and clowning materials and instructions.

### SUMMARY OF SERVICES:

- primary operating account
- cash management services
- expansion financing
- investment services
- payment processing for their retail and mail order businesses
- personal banking for key management

EXTRAORDINARY

Frances Gershon, CEO of U.S. Toy, stocks playthings that emphasize creativity and diversity.

# GROWTH



CREATIVITY





## Placing trust in professional hands

Logan College of Chiropractic, founded in Chesterfield, Missouri in 1935, provides its students a thorough knowledge of the structure and function of the human body, and equips them as professionals to render a valuable service. Understandably, much of their education stresses the way things are connected.

Similar principles of connection and service commitment apply to banking. The relationship between Commerce Bank and Logan College began more than 10 years ago with guaranteed student loans, which Commerce both originates and disburses. It's a service many banks don't

provide, and success in the program opened the door to an expanded banking relationship.

Commerce now also provides Logan College with business checking, cash management services, a sweep account, campus ATM facility, student accounts and payment processing, plus investment services through The Commerce Trust Company.

As the scope of the Logan/Commerce partnership has increased, the developing synergy has fostered greater depth as well. In part because of the Bank's increased visibility on campus, student account activity

has shown dramatic increases, and student loans have increased from \$3.8 million in 1997 to \$13.2 million in 2001.

Growing by expanding services is a key part of the Commerce strategy. Such internal growth is not only good business for the Bank, but yields direct benefits to both Logan College and its students as well.

### SUMMARY OF SERVICES:

- student loans
- business checking
- cash management services
- sweep account
- institutional trust services
- ATM on campus
- student checking accounts and retail banking services
- payment processing services

EXTRAORDINARY

George Goodman, President of Logan College of Chiropractic, stresses the relationship between knowledge and service capability.

SERVICE

KNOWLEDGE



# CONSOLIDATED BALANCE SHEETS

Commerce Bancshares, Inc. and Subsidiaries

	December 31	
	2001	2000
	(In thousands)	
<b>ASSETS</b>		
Loans, net of unearned income	\$ 7,638,482	\$ 7,906,665
Allowance for loan losses	(129,973)	(128,445)
Net loans	7,508,509	7,778,220
Investment securities:		
Available for sale	3,654,919	1,864,991
Trading	12,265	20,674
Non-marketable	52,334	55,238
Total investment securities	3,719,518	1,940,903
Federal funds sold and securities purchased under agreements to resell	375,060	241,835
Cash and due from banks	824,218	616,724
Land, buildings and equipment - net	313,383	257,629
Goodwill and core deposit premium - net	50,580	58,182
Other assets	111,538	221,624
Total assets	\$12,902,806	\$11,115,117
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits:		
Non-interest bearing demand	\$ 1,579,759	\$ 1,564,907
Savings and interest bearing demand	5,652,716	5,049,729
Time open and C.D.'s of less than \$100,000	2,188,448	2,081,057
Time open and C.D.'s of \$100,000 and over	611,043	386,045
Total deposits	10,031,966	9,081,738
Federal funds purchased and securities sold under agreements to repurchase	1,087,402	543,874
Long-term debt and other borrowings	392,586	224,684
Other liabilities	118,369	121,066
Total liabilities	11,630,323	9,971,362
Stockholders' equity:		
Preferred stock, \$1 par value		
Authorized and unissued 2,000,000 shares	-	-
Common stock, \$5 par value		
Authorized 100,000,000 shares; issued 65,575,525 shares in 2001 and 62,655,891 shares in 2000	327,878	313,279
Capital surplus	213,888	147,436
Retained earnings	700,230	671,147
Treasury stock of 138,565 shares in 2001 and 78,513 shares in 2000, at cost	(5,187)	(2,895)
Other	(1,749)	(1,179)
Accumulated other comprehensive income	37,423	15,967
Total stockholders' equity	1,272,483	1,143,755
Total liabilities and stockholders' equity	\$12,902,806	\$11,115,117

Refer to the Commerce Bancshares, Inc. 2001 Annual Report on Form 10-K, which will be issued in March 2002, for a complete set of consolidated financial statements.

# CONSOLIDATED STATEMENTS OF INCOME

Commerce Bancshares, Inc. and Subsidiaries

For the Years Ended December 31

(In thousands, except per share data)

## INTEREST INCOME

Interest and fees on loans	\$590,341	\$663,852	\$574,738
Interest on investment securities	138,235	133,799	161,591
Interest on federal funds sold and securities purchased under agreements to resell	22,386	14,517	14,297
Total interest income	750,962	812,168	750,626

## INTEREST EXPENSE

Interest on deposits:			
Savings and interest bearing demand	101,102	149,914	131,797
Time open and C.D.'s of less than \$100,000	121,851	112,182	109,857
Time open and C.D.'s of \$100,000 and over	27,699	18,275	14,572
Interest on federal funds purchased and securities sold under agreements to repurchase	19,372	44,964	27,827
Interest on long-term debt and other borrowings	13,028	6,180	572
Total interest expense	283,052	331,515	284,625
Net interest income	467,910	480,653	466,001
Provision for loan losses	36,423	35,159	35,335
Net interest income after provision for loan losses	431,487	445,494	430,666

## NON-INTEREST INCOME

Trust fees	62,753	58,588	55,773
Deposit account charges and other fees	84,486	71,025	68,538
Credit card transaction fees	54,583	51,453	44,466
Trading account profits and commissions	15,332	8,594	10,310
Mortgage banking revenue	6,195	3,521	4,937
Net gains on securities transactions	3,722	541	892
Other	50,441	59,086	51,293
Total non-interest income	277,512	252,808	236,209

## NON-INTEREST EXPENSE

Salaries and employee benefits	236,133	220,656	215,217
Net occupancy	32,027	30,381	27,950
Equipment	21,991	20,673	20,612
Supplies and communication	33,778	34,048	33,800
Data processing and software	47,178	48,664	44,350
Marketing	12,914	13,274	12,915
Goodwill and core deposit amortization	7,601	8,016	8,528
Other	48,016	54,669	55,643
Total non-interest expense	439,638	430,381	419,015
Income before income taxes	269,361	267,921	247,860
Less income taxes	87,387	89,347	81,647
Net income	\$181,974	\$178,574	\$166,213
Net income per share - basic	\$ 2.76	\$ 2.66	\$ 2.38
Net income per share - diluted	\$ 2.73	\$ 2.63	\$ 2.35

Refer to the Commerce Bancshares, Inc. 2001 Annual Report on Form 10-K, which will be issued in March 2002, for a complete set of consolidated financial statements.

# INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Commerce Bancshares, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheets of Commerce Bancshares, Inc. and Subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years then ended (not presented herein); and in our report dated January 31, 2002, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

KPMG LLP

Kansas City, Missouri  
January 31, 2002

## COMMUNITY DIRECTORS

The business and civic leaders who serve as our Community Bank Directors are not only business ambassadors, but vital monitors of the community pulse as well. Though they are an essential part of our business development efforts, they also have earned their positions as key contributors to community development. We see this relationship between Commerce and community as central to growth. Feel free to contact any of our directors through your nearest Commerce Bank.

### ST. LOUIS METROPOLITAN REGION

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*Centric Group*

**Adrian M. Baker, II**  
*Adrian Baker & Company*

**James K. Berthold**  
*Sonnen Products Company*

**Jerry L. Byrd**  
*Commerce Bank*

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*Forshaw of St. Louis*

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*Harold F. Helmkamp General Contractor, Inc.*

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*A P Green Industries, Inc.*

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*Commerce Bank, N.A.*

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*Koller Enterprises, Inc.*

**Seth M. Leadbeater**  
*Commerce Bancshares, Inc.*  
*Commerce Bank, N.A.*

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*Lohr Distributing Co., Inc.*

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**John B. Morgan**  
*Subsurface Constructors, Inc.*

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*Commerce Bank, N.A.*

**Jerome M. Rubenstein**  
*Bryan Cave, LLP*

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*Contemporary Events, L.C.C.*

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*St. Louis Screw & Bolt Company*  
*Division of Park Ohio Structured Hardware*

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*Commerce Bancshares, Inc.*  
*Commerce Bank, N.A.*

**Timothy K. Swank**  
*Swank Motion Pictures, Inc.*

**Frank R. Trulaske**  
*True Fitness Technology*

**Gregory B. Vatterott**  
*Charles F. Vatterott & Co.*

**Earl E. Walker**  
*Carr Lane Manufacturing Co.*

**Kelvin R. Westbrook**  
*Millennium Digital Media*

### ST. LOUIS EAST REGION

**Tino D. DiFranco**  
*Lucky Strike Bowling Lanes*

**Reverend William G. Gillespie**  
*Cote Brilliante Presbyterian Church*

**J.L. (Juggie) Hinduja**  
*Sinclair Industries, Inc.*

**Michael E. Kennedy**  
*Kennedy Associates, Inc.*

**Myron J. Klevens**  
*Restaurant Consulting, Inc.*

### ST. LOUIS CENTRAL REGION

**Cyrus Blackmore**  
*Blackmore & Glunt, Inc.*

**Donald Gerber**  
*Gerber Chapel*

**Herbert S. Jones**  
*Messenger Printing & Publishing, Inc.*

**Daniel P. Leach**  
*P.M. Leach Painting Co.*

**Stephen Mattis**  
*Allied Industrial Equipment Corp.*

**Lisa D. McLaughlin**  
*Partner; Lewis, Rice and Fingersh*

**Richard C. Mueller, Jr.**  
*Bopp Funeral Chapel*

**Carl A. Rausch**  
*Lutheran Senior Services*

### ST. LOUIS WEST REGION

**Richard K. Brunk**  
*Attorney at Law*

**James N. Foster, Jr.**  
*McMahon, Berger, Hanna,  
Linihan, Cody & McCarthy*

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*Spirit of St. Louis Airport*

**Stuart Krawll**  
*Beam of St. Louis, Inc.*

**Gary Olson**  
*St. Luke's Hospital*

**Jim Shubert**  
*Shubert Design*

**Lawrence J. Siegel**  
*Hochschild, Bloom & Co., LLP*

**Bill Voss**  
*American Family Insurance*

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**Thomas J. Barklage**  
*Barklage, Barklage, Brett,  
Martin & Wibbenmeyer*

**Jill Greer Baue**  
*Baue Funeral Homes*

**David R. Demien**  
*Demien Construction Co.*

**Kevin F. Kast**  
*St. Joseph Health Center*

**Peter J. Mihelich, Jr.**  
*Goellner Printing, Inc.*

**Ronald W. Ohmes**  
*Kirchner Block & Brick, Inc.*

**David W. Otto**  
*Handyman Hardware*

**Tarlton J. Pitman**  
*Pitman Funeral Home, Inc.*

**Vincent A. Schneider, Jr.**  
*St. Charles Clinic*

**William B. Schuman**  
*Gold Star Paving*

**Brenda Wetter Ward**  
*Hackmann Lumber Company*

**William J. Zollmann, III**  
*Attorney at Law*

**Donald J. Zykan, Jr.**  
*Zykan Properties & Investments*

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*Plastic Veneers, Inc.*

**Donald Hawkins**  
*B-D Corporation*

**John W. Howald**  
*Thurman, Howald, Weber, Senkel & Norrick*

**Dr. Richard McMullin**  
*Prudential Individual Financial Services*

**Louis J. Naeger**  
*Naeger & Associates*

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*Commerce Bancshares, Inc.*  
*Commerce Bank, N.A.*

**Thomas M. Bloch**  
*University Academy*

**John O. Brown**  
*Retired*  
*Commerce Bancshares, Inc.*

**Lee A. Derrough**  
*Hunt Midwest Enterprises, Inc.*

Stephen D. Dunn  
*J. E. Dunn Construction Company*

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*Intercontinental Engineering  
Manufacturing Corporation*

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*University of Missouri at Kansas City*

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*National Farms, Inc.*

Robert W. Honse  
*Farmland Industries, Inc.*

Jonathan M. Kemper  
*Commerce Bancshares, Inc.  
Commerce Bank, N.A.*

Emil E. Lansu  
*Bayer Corporation*

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*Lockton Companies, Inc.*

John N. McConnell  
*Labconco Corporation*

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Dennis A. Mullin  
*Steel & Pipe Supply Co., Inc.*

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*Commerce Bank, N.A.*

Lamson Rheinfrank, Jr.  
*BHA Group Holdings, Inc.*

Laidacker M. Seaberg  
*Midwest Grain Products, Inc.*

Charles S. Sosland  
*Sosland Companies, Inc.*

Warren W. Weaver  
*Retired  
Commerce Bancshares, Inc.*

Hugh J. Zimmer  
*The Zimmer Companies*

#### HARRISONVILLE

Robert W. Atkinson  
*Retired*

Connie Aversman  
*Commerce Bank, N.A.*

Marvin Burris  
*Retired*

Larry Dobson  
*Quality Raymore Rentals*

Elvin S. Douglas, Jr.  
*Crouch, Spangler & Douglas*

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*Sioux Chief Mfg. Co., Inc.*

William James  
*Inland Newspaper Machinery, Corp.*

William Mills  
*Family Center of Harrisonville*

J. Harold Smith  
*J. Harold Smith Realty, Inc.*

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*BCC Business Svcs, Inc.*

Norman B. Dawson  
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Commerce Bank, N.A.*

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*Greenamyre Rentals, Inc.*

Stephen J. Kempf  
*Armed Forces Insurance Exchange*

James H. Linn  
*Retired  
Commerce Bancshares, Inc.*

Dr. Jeanette Lozenski  
*Saint John Hospital*

John Douglas McCrary  
*Hallmark Cards*

Ivan J. Meyer  
*Retired  
Commerce Bank, N.A.*

Bill Petrie  
*Commerce Bank, N.A.*

Edward J. Reardon, II  
*Commerce Bank, N.A.*

James R. Rucker  
*Commerce Bank, N.A.*

#### JOHNSON COUNTY

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*Commerce Bancshares, Inc.  
Commerce Bank, N.A.*

Becky Blades  
*Blades & Associates*

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*Gill Studios, Inc.*

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Richard Cray, Jr.  
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*McNicol Developments, Inc.*

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*Eskridge, Inc.*

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Tom Rendleman  
*Trend Plastics, Inc.*

Carl E. Seaton  
*Seaton Van Lines, Inc.*

Brian Smith  
*Attorney at Law*

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*Commerce Bank, N.A.*

Delbert Shankel  
*University of Kansas*

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*The World Company*

Michael Treanor  
*Michael Treanor Architects*

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*Retired  
Commerce Bancshares, Inc.*

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Mark Arends  
*Arends Brothers, Inc.*

Dale L. Ernst  
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*Farnsworth and Wylie*

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*Fleming Law Office*

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*Guthoff & Company*

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*Myers, Inc.*

Vincent J. Nooney  
*Commerce Bancshares, Inc.*

David K. Stark  
*Stark Excavating, Inc.*

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*Striegel, Knobloch & Co.*



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*Burger's Country Cured Hams*

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*Commerce Bank, N.A.*

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*Gore Oil Company*

**Stephen W. Hayes**  
*The Hayes Company*

**Jack B. Hinkle**  
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*Jabara Ventures Group*

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*Commerce Bank, N.A.*

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**Clifford W. Stone**  
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*Connell & Connell*

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*Commerce Bank, N.A.*

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*Kenneth E. Foeste Masonry, Inc.*

Dr. Jonathan K. Foley  
*Cape Girardeau Surgical Clinic, Inc.*

W. Cliff Ford  
*Ford & Sons Funeral Home, Inc.*

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*Gregory Construction, Inc.*

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*Kasten Farms*

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*Vogel, Layton & Lewis, LLC*

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Tom Reinagel  
*Kelso Supply Co, Inc.*

Roger L. Tolliver  
*Commerce Bank, N.A.*

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Bill Brandt  
*Commerce Bank, N.A.*

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*Cotrell Funeral Chapel*

Luther P. Godwin  
*Ozark Ridge Golf Course*

Larry Hillis  
*Larry Hillis Chrysler-Plymouth-Dodge-Jeep*

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*McLane Transport, Inc.*

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*Commerce Bancshares, Inc.*

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*VP & Dean of Academic Affairs*  
*Three Rivers Community College*

Dr. Ben N. Till  
*Kneibert Clinic*  
*Three Rivers Healthcare South*

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*Commerce Bank, N.A.*

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Joe R. Ellis  
*Retired Attorney At Law*

John Henbest  
*Farmer*

Jon L. Horner  
*Commerce Bank, N.A.*

Mike McCracken  
*Jakel Industries*

Eugene Miekley  
*Miekley and Cupps, DVM Office*

Doug Neff  
*Commerce Bancshares, Inc.*

Mike Petrie  
*Commerce Bancshares, Inc.*

Keith Shumaker  
*Shumaker Tire, Inc.*

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Lester M. Evans  
*Farmer*

Alvin D. Meeker  
*Commerce Bank, N.A.*

Mike Petrie  
*Commerce Bancshares, Inc.*

Gary Pulsipher  
*Breech Medical Center*

Dan M. Waterman  
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*Investments*

Jay Hatfield  
*Hatfield-Vance Motors, Inc.*

Wesley C. Houser  
*Commerce Bank, N.A.*

Don Kirk  
*H & K Campers*

Richard Lloyd  
*Commerce Bank, N.A.*

Doug Neff  
*Commerce Bancshares, Inc.*

Charles Norris  
*Investments*

Darrell Shumake  
*Attorney at Law*

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*Kansas State University*

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*State Mutual Life Insurance Company*

Tom Giller  
*Commerce Bank, N.A.*

Neal Helmick  
*Griffith Lumber Company*

James H. Linn  
*Retired*  
*Commerce Bancshares, Inc.*

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*McCullough Development, Inc.*

Dr. Roger P. Reitz  
*Medical Associates of Manhattan*

Eleanor G. Stolzer  
*Griffith Lumber Company*

L.W. Stolzer  
*Griffith Lumber Company*

Kenneth W. Thomas  
*Commerce Bank, N.A.*

John Walters  
*Walters Morgan Construction, Inc.*

Roy Worthington  
*Charlson & Wilson Bonded Abstracters*

## HANNIBAL

Robert E. Ayers  
*Ayers Oil Company/Illinois Ayers Oil Co.*

David M. Bleigh  
*Bleigh Construction Co.*

John C. Grossmeier  
*Hannibal Regional Healthcare System*

James E. Jones  
*Bick Broadcasting Co.*

Jerald W. Lee  
*Commerce Bank, N.A.*

Vincent J. Nooney  
*Commerce Bancshares, Inc.*

Charles E. Rendlen, III  
*The Rendlen Law Firm, P.C.*

## HAYS

Gene Argo  
*Midwest Energy, Inc.*

William F. Aubel  
*A & A Coors*

James W. Aubel  
*A & A Coors*

James Bartels  
*Commerce Bank, N.A.*

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*S & W Supply Co., Inc.*

D.G. Bickle, Jr.  
*Warehouse, Inc.*

Dr. John Jeter  
*Hays Medical Center*

Ken Johnson  
*Allied, Inc.*

Verland Leiker  
*Commerce Bank, N.A.*

James H. Linn  
*Retired*  
*Commerce Bancshares, Inc.*

Gary Shorman  
*Eagle Communications, Inc.*

Thomas L. Thomas  
*Commerce Bank, N.A.*

Vance Westhusin  
*Midland Marketing Co-op, Inc.*

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*Commerce Bank, N.A.*

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*Ozark Terminal*

Stan Cox  
*O & F Machine*

E. Brad Fagan  
*Fagan Electric Co.*

David C. Humphreys  
*TAMKO Roofing Products, Inc.*

Fannun A. Kanan  
*Canaan Land Development*

Bob Landis  
*Landis Construction Company*

Barbara J. Majzoub  
*Yorktown Properties*

Doug Neff  
*Commerce Bancshares, Inc.*

Fred S. Osborn  
*Commerce Bank, N.A.*

Peter B. Ramsour  
*Ramsour & Son Distributing*

William M. Scruggs  
*Larry Hickey Company*

Russell G. Smith, II  
*May Drug Stores — Missouri Division*

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*Finnup Foundation*

Dick Fankhauser  
*Rental Enterprises*

Richard Harp  
*Commerce Bank, N.A.*

Dennis Kleysteuber  
*Farmer/Rancher*

Dr. Thomas Koksai  
*Plaza Medical Center*

E. Grant Larkin  
*Family Dentistry*

Stewart Nelson  
*Gibson, Mancini, Carmichael & Nelson Architects*

Michael A. Reed  
*Southwest Feeders*

Lee M. Reeve  
*Reeve Cattle Co.*  
*Reeve Agri Energy*

Archie Rooney  
*Farmer/Rancher*

Pat Sullivan  
*Field Service Solutions*

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*Commerce Bank, N.A.*

James H. Linn  
*Retired*  
*Commerce Bancshares, Inc.*

Roy D. Martin  
*Retired*  
*Farmer & Stockman*

Phil Near  
*Crescent Oil*

Doug Neff  
*Commerce Bancshares, Inc.*

William L. (Larry) O'Malley  
*O'Malley Equipment Company*

Fred S. Osborn  
*Commerce Bank, N.A.*

Albert K. Sewell, Jr.  
*Commerce Brokerage Services, Inc.*

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\* Members of Audit Committee



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